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## **SUCCESSOR AGENCY to the REDEVELOPMENT AGENCY of the CITY of BURBANK**

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**DATE:** July 24, 2014

**TO:** OVERSIGHT BOARD

**FROM:** Cindy Giraldo, City of Burbank Financial Services Director

**SUBJECT: APPROVAL OF SUCCESSOR AGENCY ACTIONS REGARDING REFUNDING  
BONDS AND OBLIGATIONS OF THE FORMER REDEVELOPMENT AGENCY**

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### **RECOMMENDATION**

Staff recommends that the Oversight Board adopt the proposed resolution, which approves the actions of the Successor Agency Board of July 15, 2014, regarding the refunding of the Successor Agency to the Redevelopment Agency of the City of Burbank (the "Successor Agency") bonds and other indebtedness of the former Redevelopment Agency of the City of Burbank (the "Former Agency").

### **BACKGROUND**

As presented to the Oversight Board on May 27, 2014, the Former Agency has five obligations (the "Prior Obligations") that could achieve potential savings in the current market. These obligations, which secure bond issues of the Burbank Public Financing Authority (the "Authority") and the City of Burbank (the "City"), are shown in the following table:

Transaction/Underlying Agency Obligation	Maturities	Original Par	Outstanding Par	Interest Rates
Revenue Bonds, 2002 Series A (Redevelopment Agency of the City of Burbank – West Olive Redevelopment Project – secured by 2002 West Olive Loan Agreement	12/1/14 to 12/1/26	\$14.0MM	\$9.105MM	3.375% to 5.125%
Revenue Bonds, 2003 Series A (Golden State Redevelopment Project) – secured by Golden State Redevelopment Project, Tax Allocation Bonds, 1993 Series A	12/1/14 to 12/1/24	\$87.265M	\$31.105M	4.75% to 5.50%
Revenue Bonds, 2003 Series B (South San Fernando Redevelopment Project) – secured by South San Fernando Redevelopment Project, Tax Allocation Bonds, 2003 Series A	12/1/14 to 12/1/33	\$5.235MM	\$4.16MM	4.75% to 5.50%
Revenue Bonds, 2003 Series C (City Centre Redevelopment Project) – secured by City Centre Redevelopment Project, Tax Allocation Bonds, 1993 Series A	12/1/14 to 12/1/23	\$22.015M	\$12.945M	3.990% to 4.80%
Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds – secured by a Prior Agency note secured by tax increment revenues from City Centre	12/1/14 to 12/1/23	\$6.155MM	\$4.555MM	4.65% to 5.20%

On July 15, 2014, the City Council acting as the Successor Agency Board approved a Resolution authorizing the issuance and sale of the refunding of the tax allocation bonds (Exhibit A). In accordance with Health and Safety Code Section 34177.5 the Oversight Board must approve the actions of the Successor Agency Board and direct staff to submit all necessary documents to the Department of Finance (DOF).

## DISCUSSION

Interest rates in the current market are near historic lows. By issuing bonds (“Refunding Bonds”) to refund the Prior Obligations, the Successor Agency can achieve total debt service savings of approximately \$10.9 million and net present value savings of approximately \$7.1 million, without extending the final maturities of the Prior Obligations to be refunded.

The final savings will depend on the market interest rates in effect at the time the Refunding Bonds are priced, which is estimated in September/October 2014. Depending on interest rates at the time, some or all of the Prior Obligations may no longer be economic to refund. Any estimated annual savings would be split among the taxing entities, including the county, school districts and the City’s general funds.

The Prior Obligations are callable on any date without premium. Based on a preliminary financing schedule, it is anticipated that the Refunding Bonds would close in early October, with the Prior Obligations redeemed in mid-October.

**FISCAL IMPACT**

Based on current market rates, the proposed Refunding Bonds will generate estimated total debt service savings of approximately \$10.9 million and net present value savings of \$7.1 million, net of all transaction costs; the term of the Refunding Bonds will not exceed the term of the Prior Obligations being refunded. The source of repayment of the Refunding Bonds will be limited to tax revenues (in amounts equivalent to former tax increment revenues) generated in the Burbank Merged and Amended Redevelopment Project and the West Olive Redevelopment Project and deposited by the County in to the Successor Agency's Redevelopment Property Tax Trust Fund. The Refunding Bonds will not be a debt of the City. The Successor Agency will be directed to recover its costs either through proceeds of the Refunding Bonds, if issued, or through the ROPS process, if the Refunding Bonds are not issued.

**CONCLUSION**

Staff recommends the Oversight Board approve the subject resolution which will allow the refunding process to continue in accordance with Section 34177.5 of the Health & Safety Code.

**LIST OF EXHIBITS**

Exhibit A – Full Successor Agency Board Packet (July 15, 2014)